Testatsexemplar

Peach Property Group (Deutschland) GmbH
Köln

Konzernabschluss zum 31. Dezember 2011

Bestätigungsvermerk des Abschlussprüfers

Inhaltsverzeichnis | **Seite**

Konzernabschluss (Consolidated Financial Statements 2011) 1
Bestätigungsvermerk des Abschlussprüfers 1

Konzernabschluss für das Geschäftsjahr vom 1. Januar bis 31. Dezember 2011

Consolidated Financial Statements Peach Property Group (Deutschland) GmbH 2011 in line with International Financial Reporting Standards (IFRS)

Consolidated Income Statement

in TEUR	Note	2011	2010
Income from lease of investment property		146	0
Net change in fair value of investment properties	15	2'541	0
Income from development and construction mangagement services	6	2'586	1'560
Other operating income		227	56
Operating income		**5'500**	**1'616**
Expense from investment property		-22	0
Personnel expenses	7	-1'500	-1'148
Sales and marketing expenses	8	-651	-229
Other operating expenses	9	-555	-444
Depreciation and amortisation		-28	-27
Operating expenses		**-2'756**	**-1'848**
Operating profit/(loss)		**2'744**	**-232**
Financial income	10	132	36
Financial expenses	10	-670	-45
Profit/(loss) before income taxes		**2'206**	**-241**
Income taxes	11	-629	-52
Profit/(loss) for the year		**1'577**	**-293**

Profit attributable to:			
- Owners of the parent		1'577	-293

The notes are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

TEUR	2011	2010
Profit/(loss) for the year	**1'577**	**-293**
Total comprehensive income for the year	**1'577**	**-293**
Total comprehensive income attributable to:		
- Owners of the parent	**1'577**	**-293**

The notes are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

in TEUR	Note	31.12.2011	31.12.2010
Assets			
Current Assets			
Cash and cash equivalents	12	4'411	311
Trade receivables	13	851	24
Other receivables	14	3'714	2'731
Prepaid Expenses		57	10
Total current assets		**9'033**	**3'076**
Non-current assets			
Investment properties	15	11'467	0
Advances for investment properties	29	2'049	0
Equipment		64	69
Intangible assets		7	5
Deferred tax assets	21	411	5
Total non-current assets		**13'998**	**79**
Total Assets		**23'031**	**3'155**
Liabilities			
Current liabilities			
Accounts payable	16	407	45
Other payables	17	8'564	2'664
Accrued expenses	18	254	230
Current income tax liabilities	11	122	57
Current mortgages	19	166	0
Current provisions		35	23
Total current liabilities		**9'548**	**3'019**
Non-current Liabilities			
Non-current mortgages	19	8'106	0
Non-current loans	20	2'669	0
Deferred tax liabilities	21	970	0
Total non-current liabilities		**11'745**	**0**
Equity			
Share capital	22	25	25
Share premium	22	430	405
Retained earnings	22	1'283	-294
Total shareholders' equity		**1'738**	**136**
Total liabilities and shareholders' equity		**23'031**	**3'155**

The notes are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

in TEUR	Note	2011	2010
Profit/(loss) before income taxes		2'206	-241
Adjustments for:			
Revaluation investment property	15	-2'541	0
Depreciation and amortisation		28	27
Interest income	10	-132	-36
Interest expenses	10	670	45
Contribution in kind to share premium	22	0	405
Other non-cash effective items		21	2
Changes in provisions		12	23
Changes in working capital			
Trade receivables	13	-827	-5
Other receivables	14	-146	-1
Prepaid expenses		80	26
Accounts payables	16	362	35
Other payables	17	1'398	-107
Accrued expenses		-263	14
Interest paid		0	-1
Net cash generated from operating activities		**868**	**186**
Purchase of investment property	15	-8'926	0
Advances for investment property	29	-2'049	0
Purchases of equipment		-19	0
Purchases of intangible assets		-6	-1
Disposal of equipment		0	14
Short term loan granted to related party	14	-838	-1'667
Interest received		7	0
Cash flow from investment activities		**-11'831**	**-1'654**
Proceeds from issuance of bond	20	4'028	0
Cost related to the issuance of the bond	20	-1'246	0
Repurchase of bond	20	-492	0
Proceeds from mortages	19	8'272	0
Proceeds from short term loans from related parties	17	4'501	1'668
Cash flow from financing activities		**15'063**	**1'668**
Increase / (decrease) in cash		**4'100**	**200**
Cash at the beginning of the year	12	311	111
Cash at the end of the year	12	**4'411**	**311**

The notes are an integral part of these consolidated financial statements.

Consolidated Statement of changes in Shareholder's Equity

in TEUR	Note	attributable to equity holders of the company Share capital	Share premium	Retained earnings	Total
Balance at 1 January 2010	**22**	**25**	**0**	**-1**	**24**
Comprehensive income for the year					
Loss for the year	22			-293	-293
Total comprehensive income for the year		**0**	**0**	**-293**	**-293**
Transactions with owners					
Contribution in kind	**22**	**0**	405	**0**	**405**
Total transactions with owners		**0**	**405**	**0**	**405**
Balance at 31 December 2010		**25**	**405**	**-294**	**136**

in TEUR	Note	attributable to equity holders of the company Share capital	Share premium	Retained earnings	Total
Balance at 1 January 2011	**22**	**25**	**405**	**-294**	**136**
Comprehensive income for the year					
Profit for the year	22			1'577	1'577
Total comprehensive income for the year		**0**	**0**	**1'577**	**1'577**
Transactions with owners					
Transfer investment Munster	**22**		25		25
Total transactions with owners		**0**	**25**	**0**	**25**
Balance at 31 December 2011		**25**	**430**	**1'283**	**1'738**

The notes are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1. Business activities

Peach Property Group (Deutschland) GmbH and its subsidiaries (the Group) are a provider of development and construction management services in the luxury segment. Business operations cover the entire cycle from acquisition to sale of properties. These services are rendered mostly to related Group companies outside the Group's consolidation scope The Group further hold high-yielding investment properties, which are managed actively.

With respect to the development properties, the Group is involved in the development of premium locations in Berlin and Hamburg.

The parent company is Peach Property Group (Deutschland) GmbH (formerly Johanna 118 Beteiligungsverwaltungs GmbH), Im Zollhafen 24, 50578 Cologne. Peach Property Group (Deutschland) GmbH was founded in September 2008, is registered since September 2009 under its current name under the register number HRB 67091.

Peach Property Group (Deutschland) GmbH is a 100% subsidiary of Peach German Properties AG, Stansstad, Switzerland. Peach German Properties is a 100% subsidiary of Peach Property Group AG (Peach), the ultimate parent of the Group. Peach has its registered office in Zurich and its shares are listed on the SIX Swiss Exchange.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are described below. These policies were consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group are prepared in accordance with "International Financial Reporting Standards" (IFRS) as adopted by the European Union.

These consolidated financial statements were authorized by the Board of Directors of the Company on 26 September 2012.

Consolidation is based on audited or reviewed financial statements with 31 December year end. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The consolidated financial statements were prepared under the historical cost convention and under the assumption that the company's ability to continue as a going-concern is not impaired. Any departures from this principle are expressly specified in Notes 2.2 to 2.21. This includes particularly investment properties which are recorded at fair value.

For financial statements in accordance with IFRS, management is required to exercise its judgment in the process of applying the Group's accounting policies. All assessments and judgments are continuously evaluated based on historical experience and other factors, including expectations of future events that seem reasonable under the given circumstances. Significant estimates and assumptions used for the valuation of assets and liabilities are disclosed in Note 4.

Changes in accounting policies in the financial year 2011

Peach has adopted the following new and amended IFRS standards and interpretations in these annual consolidated financial statements:

- IAS 24 (revised 2009) – 'Related party disclosures'
- Amendment to IAS 32 'Financial instruments: Presentation' (Classification of rights issues)
- IFRIC 19 – 'Extinguishing financial liabilities with equity instruments'
- IFRIC 14 IAS 19 – 'Limits on a Defined benefit Asset, Minimum Funding Requirements and their Interaction'
- Annual improvements 2010

The adoption of the new and amended standards and interpretations had no significant impact on these consolidated financial statements.

Standards, amendments and interpretations to existing standards that are not yet effective

The following standards, amendments and interpretations to existing standards have been published but are not effective yet and were not early adopted in these consolidated financial statements. The expected impact on these consolidated financial statements of the Group has not been systematically analysed. The impact disclosed in the table below is just a first assessment from management.

Standard / Interpretation	Date effective	Impact	Time of adoption
Amendments to IFRS 7 - Financial instruments: disclosures: transfer of financial assets	1 July 2011	1)	Financial year 2012
Amendments to IFRS 7 - Disclosures: offsetting financial assets and liabilities	1 Janaury 2013	3)	Financial year 2013
Amendments to IAS 12 - Deferred tax: recovery of underlying assets	1 January 2012	1)	Financial year 2012
IFRS 9 - Financial instruments: measurement and classification	1 January 2015	3)	Financial year 2013
IFRS 10 - Consolidated financial statements	1 January 2013	1)	Financial year 2013
IFRS 11 - Joint arrangements	1 January 2013	1)	Financial year 2013
IFRS 12 - Disclosures of interests in other entities	1 January 2013	2)	Financial year 2013
IFRS 13 - Fair value measurement	1 January 2013	2)	Financial year 2013
IAS 27 (revised) - Separate financial statments	1 January 2013	1)	Financial year 2013
IAS 28 (revised) - Associates and joint ventures	1 January 2013	1)	Financial year 2013
Amendments to IAS 32 - Presentation - Offsetting of financial assets and liabilities	1 January 2014	3)	Financial year 2014
Amendments to IAS 1 'Presentation of items of other comprehensive income'	1 July 2012	2)	Financial year 2013
Amendments to IAS 19 - Employee benefits	1 January 2013	3)	Financial year 2013
Annual improvements 2011	1 January 2013	1)	Financial year 2013

1) No significant impact on the consolidated financial statements expected for Peach.

2) Will require additional disclosures or changes in the presentation of the consolidated financial statements for Peach.

3) Impact on the consolidated financial statements for Peach cannot be sufficiently assessed yet.

2.2 Consolidation

a) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies. Control is generally assumed to exist if the Group owns a shareholding of more than one half of the voting rights. Control means the ability to take decisions over the company's financial and operational business in order to be able to derive the resulting benefit. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and deconsolidated from the date on which control has ceased. Accounting policies of subsidiaries have been changed, where necessary, to ensure consistency with the policies adopted by the Group, effective at the date on which control was transferred. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated.

4

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition–by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of the acquiree's identifiable net assets.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceed the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in the consolidated income statement. The accounting treatment of goodwill is explained in the intangible assets section.

b) <u>Transactions with non-controlling interests</u>

Transactions with non-controlling interests that do not result in loss of control are accounted for as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

c) <u>Joint ventures and associated companies</u>

Investments in joint ventures and associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition. The Group's share of post-acquisition profit or loss is recognised in the income statement from the date of acquisition. Dividends received from joint ventures and associates are deducted from the investment. The Group did not hold any joint ventures or associated companies in the current or previous reporting period.

2.3 Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates («the functional currency»). The consolidated financial statements are presented in Euro (EUR), which is also Peach Property Group (Deutschland) GmbH's functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities held in foreign currency are converted in the accounts at the period end exchange rate. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

The results and financial position of all the Group entities that have a functional currency different from the Group's presentation currency are translated into the presentation currency according to the modified closing date method as follows: Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet (equity is translated at historic rates); income and expenses for each income statement are translated at average exchange rates, and all resulting exchange differences are recognised in other comprehensive income within equity until disposal. Foreign exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income. The Group does so far not hold any investments in subsidiaries reporting in other currencies than the Euro.

2.4 Revenue recognition

The income from property development comprises income from sales of development and construction management services as well as income from the sale of constructed development properties. Revenues are recorded in accordance with IAS 18, i.e. when risks and rewards are transferred.

For self-constructed development properties, revenues are recorded when construction of the sold units has been completed and risk and reward has passed. Costs of development properties incurred are capitalized and reversed to expenses from property development at the time the sale is recognised.

Marketing and sales costs are expensed in the income statement as incurred. This leads to a situation in which costs for objects sold are incurred, whereas revenue recognition from the transaction has to be recorded in the income statement at a later date – upon transfer of risks and rewards of the residential property to the buyer.

For general development and construction activities, client-specific contracts are recorded by applying the percentage of completion method. Client-specific contracts are sales agreements, where the buyer is able to determine the major structural elements of the design of the real estate before construction begins or specify major structural changes once construction is in progress. Income from client-specific contracts for services rendered during the year is recorded in relation to the contract costs incurred during the financial year compared to the total estimated contract costs. Expected future project losses are recognised in the assessment of a contract and charged to the income statement immediately after they become apparent. On the other hand, additional services, price overruns and premiums are recognised in the assessment of a contract as soon as they are accepted by the client.

Income from lease in investment property is accounted for in line with IAS 17 at the contractual due date. Any agreed lease free periods are spread on a linear basis over the agreed contract time.

Any reduction in revenue, such as rebates or discounts, related directly to the services rendered, is deducted from income.

In the financial years 2011 and 2010 the Group generated revenues from development and construction management services sold to related parties as well as the leasing of investment property.

2.5 Cash and cash equivalents

Cash and cash equivalents include cash on hand and cash at banks. They are disclosed at nominal values.

2.6 Trade receivables and other receivables

Receivables resulting from construction activities for third parties are included in trade receivables. Advance payments made by the principals are offset as advances with the development properties.

Trade receivables and other receivables are accounted for at nominal values less provision for impairment. The fair value of receivables approximates the nominal value less provision for impairment.

2.7 Development property

Development properties include the renovation of existing buildings as well as the construction of new buildings. For such projects, Peach is normally developing the properties as well as placing the properties on the market.

Land not yet developed is valued at the lower of acquisition costs or net realisable value. Project costs for which Peach acts as the developer due to contractual obligations, but where no sales contract or no general contract agreement has been signed yet, are recorded at cost. Project costs contain third-party services as well as internally provided services. Internally provided services are capitalized, when sufficient positive cash flows are expected from the respective development properties.

Borrowing costs incurred for funds borrowed specifically for items of development properties are capitalised with the actual amount incurred. Borrowing costs incurred for funds borrowed to support general operations are capitalised pro rata according to their proportionate relation to items of development properties.

Costs related to projects where there is a signed sales contract or general contract agreement, are recorded in the income statement when the development property has been sold and completed.

For client-specific contracts, i.e. contracts where the buyer is able to determine the major structural elements of the design of the real estate before construction begins or specify major structural changes once construction is in progress, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date (percentage of completion method). Application of the percentage of completion method requires that the project costs can be estimated reliably and the project is expected to be profitable. Where it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. The stage of completion is measured as the percentage of contract costs incurred for work performed to balance sheet date compared to the estimated total contract costs. The calculation is prepared for each individual project and is based on the estimated final outcome.

The Group did not hold development property in the current or previous reporting period.

2.8 Investment property

Self-constructed or purchased residential and business premises that are retained and managed over a longer period are recognized separately as investment property in accordance with IAS 40.
Investment property is initially recognized at acquisition costs including directly attributable transaction costs. Subsequent reassessment is prepared in accordance with the fair value model. Investment properties are assessed at least once per year by an independent real estate expert. The valuation is made according to the Discounted Cash Flow method (DCF method). Changes in the fair value are recognized in the income statement. The resulting deferred tax liabilities or tax assets are charged or credited to the income statement as tax expenses or income, respectively. With regard to critical estimates taken in the fair value assessment of investment properties we refer to paragraph 4.

2.9 Equipment

Equipment is recorded at historical cost less accumulated depreciations and any accumulated impairment losses. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the Group will profit from future economic benefits associated with the item and that the cost of the item can be measured reliably. The carrying amount of replaced parts is derecognised. All other cost for equipment is recorded in the income statement.

Depreciations are recorded on a straight-line basis over the assets' estimated useful lives as follows:

Fixtures	10 years
Furniture	5 years
IT equipment	3 years
Vehicles	4 years
Other equipment	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset and are recognised in the income statement. Equipment is derecognised at the time of disposal or if it is determined that no future economic benefits associated with the item are expected to flow to the entity.

2.10 Intangible assets

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Goodwill is allocated to cash-generating units for the purpose of impairment testing. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and implement specific software. These costs are amortised on a straight-line basis over their estimated useful lives of five years.

Contractual customer relationships acquired in a business combination are recognized at fair value at the acquisition date and subsequently carried at cost less accumulated amortization.

2.11 Long-term receivables

Contingent consideration from an acquisition is classified in long-term receivables. The valuation is made according to a probability-weighted approach considering a corresponding discount rate at every balance sheet date. The selling price to be achieved is determined on the basis of various scenarios.

2.12 Impairment of equipment, intangible assets and development properties

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If such indicators exist, the recoverable amount of the asset is determined by means of an impairment test. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). An impairment loss is recognised for the amount by which the asset's (or the cash-generating units) carrying amount exceeds its recoverable amount.

Non-financial assets, with the exception of goodwill, that suffered an impairment loss in the past are reviewed for a possible reversal of the impairment at each reporting date.

At the end of each reporting period, the existing amount of the development properties valued at acquisition or construction cost is subject to an impairment test. Therefore, the net realisable value comprising the estimated selling price less additional foreseeable construction and selling costs will be assessed. In addition to the estimates made by the entity itself, appraisal reports by an independent property surveyor are obtained by Peach. Valuations are carried out according to the DCF method. An impairment loss is recognised for the amount by which the carrying amount exceeds the fair value less costs to sell.

2.13 Accounts payable and other payables

Accounts payable and other payables which are due within one year are disclosed at their nominal values. The fair value of such liabilities approximates their nominal value.

2.14 Financial liabilities

Financial liabilities are initially recorded at fair value, net of transaction costs incurred and subsequently valued at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

2.15 Provisions

Provisions are recorded if:

- the Group has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation; and
- the amount can be reliably estimated.

The amount recognised as a provision represents the best estimate of the expenditure required to settle the obligation, taking into account any significant risks and uncertainties.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation.

2.16 Current and deferred income taxes

Income taxes include current and deferred income taxes. Income taxes are recorded in the income statement, except for income tax on transactions directly recorded in other comprehensive income or directly in equity. In such cases, income tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated as the expected income tax due on the relevant taxable income. The calculation is based on the tax laws enacted or substantively enacted at the balance sheet date.

Deferred income tax is provided in full, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for on temporary differences arising in the following cases: the initial recognition of goodwill, the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, and investments in subsidiaries, if it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are only recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

For retained profits of subsidiaries, associates or interests in joint ventures that cannot be transferred without tax consequences, a deferred income tax liability is recognised, if a transfer of profits is planned in the foreseeable future.

2.17 Pension plan

All employees of the Group are employed in Germany and are covered by a public defined contribution plan. Peach Property Group (Deutschland) GmbH does not offer a company-specific solution. Employer's contributions are paid into the statutory regulated pension fund. Employees have no direct entitlements towards the employer. Consequently no provision is recorded for such obligations.

2.18 Share capital

The share capital is comprised of all issued registered shares. Dividends are recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the company's shareholders. Transaction costs directly attributable to the issue of new shares are immediately deducted, net of tax, from share premium.

2.19 Derivative financial instruments

Derivative financial instruments are measured at their fair value. Changes in fair value are recorded in the income statement. Hedge accounting is not applied. Derivative financial instruments can be used in the normal course of the business to hedge market risks (interest rate risk). In the current as well as the prior reporting period no such instruments were used.

2.20 Leasing

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease. Peach does not enter into any agreements that could be interpreted to be a finance lease as per definition in IAS 17.

2.21 Segment reporting

IFRS 8 requires the determination of segments as well as the presentation of segment information to be based on the same information used internally by management (management approach). IFRS 8 defines an operating segment as a component of an entity that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the entity's chief operating decision maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. Development and management of properties is the only operating segment of the Group. A detailed description of the operating segment is included in note 5.

3. Financial risk management

3.1 Financial risk factors

Due to its business activities, the Group is exposed to various financial risks: market risk, credit risk and liquidity risk.

The principles and compliance of risk management is monitored by the Audit and Risk Committee as well as the Board of Directors of Peach. Risk management focuses on the identification, description, management, monitoring and control of risks of defaults, interest rates, foreign currencies and liquidity.

Market risks

a) Foreign exchange risk
The Group is not exposed to foreign exchange risk as most of its activities are based in Germany. Loans received from and payables to related parties (group companies outside the consolidation scope) are denominated in EUR. The current set up led to no foreign exchange gains or losses in the current and prior reporting period.

b) Interest rate risk
The Group's interest rate risk is deemed to be low. Fixed interest rates in the amount of 3% are received on short term loans granted to related parties, short term loans from related parties bear an equal interest rate. The mortgage on investment property bears a fixed interest rate of 3.65%. The interest rate payable on the bond amounts to 6.6%.

in TEUR	**31.12.2011**	**31.12.2010**
Financial assets, interest rate up to 3%	2'852	2'690
Financial assets, interest rate up to 6%	676	0
Total interest bearing financial assets	**3'528**	**2'690**
Financial liabilities, interest rate up to 3.00%	6'993	2'492
Financial liabilities, interest rate up to 4.00%	8'272	0
Financial liabilities, interest rate up to 7.00%	3'536	0
Total interest bearing financial liabilities	**18'801**	**2'492**

Interest rate sensitivity of financial instruments with fixed rates
Peach does not record any fixed-rate financial instruments at fair value. Consequently, a change in interest rates would have no impact on the statement of comprehensive income.

Interest rate sensitivity of financial instruments with variable rates
There are no financial instruments with variable rates.

Credit risk

Default risk is the risk that a client or a counterparty of a financial instrument is not able to pay their contractual obligations which would result in financial loss for Peach. Default risks are mainly related to trade receivables and cash and cash equivalents.

To minimise default risks related to cash and cash equivalents, the Group has invested its short-term bank accounts with top rated, high quality financial institutions (at least Rating A-).

The maximum default risk corresponds to the carrying amounts of the individual financial assets amounts to TEUR 8'976 (prior year TEUR 3'066) at 31 December 2011, thereof TEUR 2'852 (prior year TEUR 2'690) represent short term receivables from group companies outside the consolidation scope. The default risk on those amounts is considered to be remote. A detailed overview of financial instruments is provided in Note 3.4.

Liquidity risk

The liquidity risk is the risk that Peach cannot settle its financial obligations when they fall due. The future liquidity development is analysed by means of rolling cash flow forecasts which are continuously updated.

The following table shows the contractual due dates of the Group's financial liabilities. The table does not include the short term liabilities towards group companies of Peach not included in the consolidation scope (TEUR 6'993, prior year TEUR 2'492) since these amounts are considered to be equity under a Group consideration:

Liquidity Risk (excluding Group Liabilities)

in TEUR	**0 - 3 months**	**4 - 6 months**	**7 - 12 months**	**1 - 2 Years**	**3 - 7 years**	**Total**
2011						
Accounts payables	296	111	0	0	0	**407**
Other payables	1'291	34	246	0	0	**1'571**
Current income tax payables	118	4	0	0	0	**122**
Accrued expenses	4	250	0	0	0	**254**
Current mortgages	0	0	166	0	0	**166**
Non-current mortgages	0	0	301	461	9'260	**10'022**
Bond	0	0	233	233	4'119	**4'586**
2010						
Accounts payables	45	0	0	0	0	**45**
Other payables	172	0	0	0	0	**172**
Current income tax payables	57	0	0	0	0	**57**
Accrued expenses	230	0	0	0	0	**230**

Liquidity is managed by short- and medium-term liquidity planning.

3.2 Capital risk management

According to the investment policies of the Audit and Risk Committee, Peach aims to attain an equity ratio of 30 - 40% in the long term. This is as well applicable for the Group. On Group level however, loans received from group companies outside the scope of consolidation are included in the calculation.

The equity ratio at 31 December 2011 and for the prior year was calculated as follows:

in TEUR	2011	2010
Equity	1'738	136
Total balance sheet	23'031	3'155
Equity ratio	**8%**	**4%**

in TEUR	2011	2010
Equity	1'738	136
Total loans from Group companies	6'993	2'492
Total balance sheet	23'031	3'155
Equity ratio	**38%**	**83%**

Further information concerning equity is disclosed in note 22.

3.3. Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date.

The fair value of financial instruments that are not traded in an active market is determined by using appropriate valuation techniques. These may, for example, include methods such as current transaction prices for similar instruments, quoted market prices or dealer quotes for similar instruments or discounted cash flow calculations to estimate the present value of the estimated future cash flows of a financial instrument or other methods.

The carrying amounts less impairment provisions of trade receivables and accounts payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

Financial instruments that are measured in the balance sheet at fair value are reported according to the following hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2);
- Inputs for the asset or liability that are not based on observable market data (level 3).

In the current as well as the prior reporting period no such instruments were held by the Group.

3.4. Categories of financial instruments

The following table shows the carrying amounts of all financial instruments for each category:

in TEUR	**2011**	**2010**
Loans and receivables		
Cash and cash equivalents	4'411	311
Trade receivables	851	24
Other receivables	3'714	2'731
	8'976	**3'066**
Financial liabilities recorded at amortised cost		
Accounts payables	407	45
Other payables	8'564	2'664
Current income tax payables	122	57
Accrued expenses	254	230
Current mortgages	166	0
Non-current mortgages	8'106	0
Non-current loans	2'669	0
	20'288	**2'996**

4. Critical accounting estimates and assumptions

Preparation of consolidated financial statements in accordance with IFRS requires the Group to make assumptions concerning the future and to make certain judgements and estimates, which have a direct influence on the values reported in the balance sheet and statement of comprehensive income. These assumptions, judgements and estimates are based on experience values and other factors that are deemed appropriate under the prevailing circumstances. Assumptions are reviewed continuously. Changes in estimates which have an impact on the consolidated financial statements are recorded in the statement of comprehensive income in the period in which the estimate was adjusted.

The balance sheet and statement of comprehensive income items where estimates and assumptions are critical and which therefore carry a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Investment properties

The fair value of the investment property at 31 December 2011 amounts to a total of TEUR 11'467 (prior year TEUR 0).

The fair value is determined by use of the DCF method. All net income expected in the future are discounted at the present value. For rental payments, the current rent and the contractual conditions are taken into consideration for the calculation. The valuation period covers 100 years from the initial measurement. Following the expiry of the current rental agreements, the revenue forecast is determined on the basis of the market level taking an index of 80% into consideration. Incoming payments are assumed to be received quarterly in advance for commercial leases and monthly in advance for residential leases. With regard to the owner's operating expenses, it is assumed that individual utilities statements are recorded so that the utilities costs that are to be borne by lessees can be passed on appropriately. Repair and maintenance costs take into account the current state of the property and are determined with the help of benchmarks as well as based on experiences and accordingly determined by the use of valuation models. They are included into the calculation for the first ten years in full, and from the 11th year as far as the investments are value-preserving. The discount rate is based on a risk-adjusted interest rate. The rate is determined starting from a risk-free interest rate, and then adjusted for property-related risk factors such as the property risk (capital immobility), location and quality of the property as well as any further adjustments. The fair value calculation at 31 December 2011 is based on an average discount rate of 5.5% (prior year - no investment properties in Germany) for Germany.

A sensitivity analysis was carried out in order to test the change in fair value as a function of the discount rate. An increase of the discount rates by 0.2% would have resulted in a negative impact on the fair value of the investment property at 31 December 2011 by 4% or TEUR 494 (prior year TEUR 0). Conversely, a decrease in the discount rates of 0.2% would have resulted in an increase in the fair value of 5% or TEUR 529 (prior year TEUR 0) . For further information please see note 15.

Deferred tax assets

All of the Group's accumulated losses brought forward have been capitalised. At 31 December 2011, accumulated losses resulting in a deferred tax asset of TEUR 411 (prior year TEUR 5) were capitalised. Management used judgment with respect to future taxable profits in order to capitalise the accumulated losses.

Deferred tax liabilities and income taxes

At 31 December 2011, the Group has deferred tax liabilities of TEUR 970 (prior year TEUR 0). TEUR 730 (prior year TEUR 0) of this amount are related to the change in fair value of investment properties. In Germany a speculation charge applies. The level of this tax expense is significantly affected by the holding period with respect to the property. The Group estimates the holding period and calculates the deferred tax effect accordingly. If the effective holding period differs from the estimated period, the tax burden in the event of the sale of a property may differ significantly from the deferred taxes recorded.

5. Segment reporting

Management has determined the operating segment on the basis of the internal reporting to the CEO of the ultimate parent, Peach Property Group AG (Group CEO), the key decision-maker in the Company and the total Peach Group.

The Group CEO defines business operations and oversees the internal reporting to assess the performance and resource allocation. The Group has only one operational segment, the development and management of properties. Property development includes the acquisition of land, the development, construction and sale of property. Main operations include evaluation of property, project planning, financing and sales and customer management.

The objects developed by the Group are located in city centres or their close proximity in Germany. The Group's customers are either the acquirers of residential property, lessors of residential or retail property or related parties (group companies outside the Group's consolidation scope) that acquire the services of the Group for the development or construction of their objects.

6. Income from development and construction management services

in TEUR	2011	2010
Sales provisions	78	61
Property development and construction management for related parties	2'508	1'499
Total	**2'586**	**1'560**

Income from development and construction management services sold to related parties was generated mostly with the following group companies outside the Group's consolidation scope:

Yoo Berlin GmbH & Co.KG	871	936
Am Zirkus 1 Berlin GmbH & Co. KG	120	75
VD Berlin Chausseestrasse 106 GmbH & Co.KG	103	344
Yoo Düsseldorf GmbH & Co.KG	10	40
VD Harvestehuder Weg I GmbH & Co. KG	1'404	53
Other	0	51
Total	**2'508**	**1'499**

7. Personnel expenses

in TEUR	2011	2010
Salaries	-1'302	-1'008
Social security costs	-198	-140
Total	**-1'500**	**-1'148**
Headcount per 31.12.	15	13

8. Sales and Marketing expenses

in TEUR	2011	2010
Sales Marketing Expenses	-651	-229
Total	**-651**	**-229**

The sales and marketing cost are related to the sales activities for the development property held by Yoo Berlin GmbH & Co. KG. in the amount of TEUR 288 (prior year TEUR 229) and VD Harvestehuder Weg I GmbH & Co. KG in the amount of TEUR 363.

9. Other operating expenses

in TEUR	2011	2010
Fees and legal expenses	-77	-74
Rent	-165	-65
Travel and representation expenses	-83	-52
IT expenses	1	-41
Advertisements / PR	-36	-46
Other operating expenses	-195	-166
Total	**-555**	**-444**

The position other operating expenses contains the administration cost of the Group.

10. Financial income and expenses

in TEUR	2011	2010
Financial expenses		
Interest expenses	-286	-44
Other financial expenses	-384	-1
Total	**-670**	**-45**
Financial income		
Interest income	132	36
Total	**132**	**36**

TEUR 126 (prior year TEUR 44) of the interest expenses relate to interest paid on short term loans to related parties (group companies outside the consolidation scope). The remaining amount represents mostly interest paid on the mortgage for the investment property Munster and interest cost for the bond. Other financial expenses represent mostly cost related to the issuance of the bond that have been expensed.

Interest income is mostly related to interest received on short term loans granted to related parties (group companies outside the consolidation scope).

11. Income taxes

The tax rate applied represents the tax rate of the parent company Peach Property (Deutschland) GmbH. The impact of Real Value Living GmbH, its subsidiary, is disclosed in the reconciling items.

in TEUR	**2011**	**2010**
Current income taxes	-65	-57
Deferred income taxes	-564	5
Income taxes	**-629**	**-52**

The income tax expense can be analysed as follows:

Profit/(loss) before income taxes	2'206	-241
Income taxes at a rate of 28.5% (2010: 28.5%)	-629	-68
Tax credits or deductible temporary differences	9	0
Application of different tax rates and other impacts	-6	-5
Impact from contribution in kind to share premium	0	-115
Other differences	-3	0
Income taxes	**-629**	**-52**

12. Cash and cash equivalents

in TEUR	**31.12.2011**	**31.12.2010**
Cash at banks	4'411	311
Total	**4'411**	**311**

Cash and cash equivalents comprise the current account balances with German banks.
The amount of TEUR 823 (prior year TEUR 23) is related to advances of clients (TEUR 73) as well as a CAPEX fee for Munster (TEUR 750) and is not freely available.

13. Trade receivables

At 31 December 2011, there were amounts overdue from third parties of TCHF 20 (prior year TCHF 24). The trade receivable from the group company VD Harvestehuder Weg I GmbH & Co. KG is not yet due. None of the trade receivables are impaired.

There were no losses in trade receivables in the current as well as the prior reporting period.

(in TEUR)	1 - 4 months	31.12.2011 Total	1 - 4 months	31.12.2010 Total
Trade receivables from third party	20	20	24	24
thereof provided for	0	0	0	0
Total net trade receivables overdue		**20**		**24**
Trade receivables from third party, not due		162		0
Trade receivables from related party not due		669		0
Total trade receivables (net)		**851**		**24**

14. Other receivables

in TEUR	31.12.2011	31.12.2010
Value added tax credits	186	41
Other receivables from related parties	2'852	2'690
Short term loan granted to related party	676	0
Total	**3'714**	**2'731**

Other receivables from related parties are short term loans to the following group companies outside the Group's consolidation scope:

Yoo Berlin GmbH & Co.KG	1'229	499
Am Zirkus 1 GmbH & Co.KG	313	503
VD Berlin Chausseestrasse 106 GmbH & Co.KG	0	288
VD Harvestehuder Weg I GmbH & Co. KG	1'302	1397
Other	8	3
Total	**2'852**	**2'690**

The short term loan granted to related party represents trade receivables from Am Zirkus 1 Berlin GmbH & Co. KG that were converted into a loan that bears interest of 6%.

The other receivables do not contain any overdue amounts. No allowances for bad debt were required.

15. Investment property

(in TEUR)

Fair value at 1 January 2011	**0**
Costs	
Amount at 1 January 2011	0
Additions from purchases	8'926
Accumulated costs at 31 December 2011	**8'926**
Fair value adjustments	
Total at 1 January 2011	0
Increase in fair value	2'541
Accumulated changes in fair value at 31 December 2011	**2'541**
Fair value at 31 December 2011	**11'467**

In December 2011 Peach acquired the portfolio Munster in Munster, Germany. The portfolio consists of leased units, and is therefore treated as an investment property. The fair value gain on the portfolio Munster can be explained with the unsolved re-funding situation that was present to the previous owner and required a distressed market exit and sale of the portfolio respectively. Annual effective lease income of the portfolio amounts to TEUR 1'188 while the property operating expenses excluding financing costs amounts to TEUR 312. Income and expenses are included for one month as rental income and expenses in the consolidated financial statements. Per year end 2011 vacancies in % of total sqm amounted to 8.8%.

16. Accounts payables

in TEUR	**31.12.2011**	**31.12.2010**
Accounts payables, third parties	407	45
Total	**407**	**45**

17. Other payables

in TEUR	31.12.2011	31.12.2010
Taxes related to the acquisition of investment property	815	0
VAT and other tax payables	427	154
Interest payable	110	0
Deposits from lessees	83	0
Other payables to third parties	136	18
Other payables to related parties	6'993	2'492
Total	**8'564**	**2'664**

Other payables from related parties represent short term loans received from the following group companies outside the Group's consolidation scope:

Related Parties	**2011**	**2010**
Peach Property Group AG	3'463	1'843
Peach German Properties AG	368	357
Yoo Düsseldorf GmbH & Co.KG	240	292
VD Berlin Chausseestrasse 106 GmbH & Co.KG	2'922	0
Total	**6'993**	**2'492**

18. Accrued expenses

in TEUR	31.12.2011	31.12.2010
Consulting and audit fees	27	55
Personnel expenses	222	163
Other accrued expenses	5	12
Total	**254**	**230**

Personnel expenses include accrued amounts for salary as well as bonus payments.

19. Mortgages

(in TEUR)	31.12.2011	31.12.2010
D-Munster, Munster	8'272	0
Total mortgages	**8'272**	**0**
thereof		
current	166	0
non-current	8'106	0

The carrying amount of the mortgages approximates their fair value due to the contractually agreed market conditions.

The mortgage is secured by the respective property (see note 27) and bears fixed interest rates of 3.65%.

20. Loans

The carrying amounts of the current loans approximate their fair values due to the contractually agreed market conditions.

(in TEUR)	31.12.2011	31.12.2010
Bonds issued	2'669	0
Total	**2'669**	**0**
thereof non-current	2'669	0

On 18 July 2011 Peach Property Group (Deutschland) GmbH, Cologne issued a bond with a 5-year period and the following parameters:

Volume:	up to TEUR 50'000
Interest rate:	6.6% p.a. due at each 31 December and with final payment
Nominal amount:	TEUR 1
Period:	18 July 2011 until 30 June 2016
Listing:	Deutsche Börse, Frankfurt
ISIN/WKN:	DE000A1KQ8K 4/A1KQ8K
Collateral:	Peach German Properties AG, a the direct parent of Peach Property Group (Deutschland) GmbH, warrants unconditional and irrevocable payment of the capital invested and interest accrued from the bond as well as all other amounts, which are in accordance with the terms of the bond. For further information with respect to the bond issued, please refer to the prospectus.

At 31 December 2011 Peach had issued bonds in the amount of TEUR 3'536. The direct costs associated with the issuance of the bonds can be amortised over the term of the bond. Total costs with respect to the bonds amounted to TEUR 1'246. Thereof, TEUR 380 was recorded in the income statement of 2011.

21. Deferred Taxes

(in TEUR)	31.12.2011	31.12.2010
Deferred tax assets:		
- Deferred tax assets to be recovered > 12 months	411	5
	411	**5**
Deferred tax liabilities:		
- Deferred tax liabilities to be recovered > 12 months	970	0
	970	**0**

(in TEUR)	31.12.2011		31.12.2010	
	Assets	Liabilities	Assets	Liabilities
Investment Properties	0	730	0	0
Non-current borrowings	0	247	0	0
Tax losses	418		5	
Total	**418**	**977**	**5**	**0**
Amounts to be offset	-7	-7	0	0
Deferred tax assets	**411**		**5**	
Deferred tax liabilities		**970**		**0**

(in TEUR)	31.12.2011		31.12.2010	
	Assets	Liabilities	Assets	Liabilities
1 January	5	0	0	0
Charged / (credited) to profit or loss	413	977	5	0
31 December	**418**	**977**	**5**	**0**
Amounts to be offset	-7	-7	0	0
31 December	**411**	**970**	**5**	**0**

All of the Group's existing accumulated losses brought forward have been capitalised as deferred tax assets, as sufficient taxable income is expected going forward that renders offsetting possible.

(in TEUR)	2011	2010
Expiration after more than 7 years	1'466	17

22. Equity

Registered Capital

	in TEUR
1 January 2010	**25**
31 December 2010	**25**
31 December 2011	**25**

Share premium

	in TEUR
1 January 2010	**0**
Contribution in kind	405
31. Dezember 2010	**405**
Transfer Munster	25
31 December 2011	**430**

With date 7 July 2011 Peach German Property AG has transferred its investment in Munster Portfolio GmbH at the book value of TEUR 25 to Peach Property Group (Deutschland) GmbH for TEUR 0. The difference amount between the book value of the investment and the consideration was accounted for in share premium.

At 28 December 2010 Peach German Properties AG, a sister company of Peach Property Group (Deutschland) GmbH, transferred its project management contract with Am Zirkus 1 GmbH & Co. KG (another related party), with all risks and rewards to Peach Property Group (Deutschland) GmbH. In this context a receivable in the amount of TEUR 405 was contributed to the Company free of charge. The fair value of the receivable was accounted for in share premium.

Retained earnings

	in TEUR
1 January 2010	**-1**
Loss 2010	-293
31. Dezember 2010	**-294**
Profit 2011	1'577
31 December 2011	**1'283**

23. Scope of consolidation

Germany		Registered in	Share Capital TEUR	Share-holding	Closing date
Real Value Living GmbH	2)	Cologne	25	100	31.12.
Portfolio Erkrath Retail GmbH	1)	Cologne	25	100	31.12.
Portfolio Erkrath Wohnen GmbH	1)	Cologne	25	100	31.12.
Peach Property Projekt III GmbH	1)	Cologne	25	100	31.12.
Munster Portfolio GmbH	1)	Cologne	25	100	31.12.

1) Project entity
2) Sale and agency services company

Changes to the scope of consolidation 2011

In 2011 Peach Property Group (Deutschland) GmbH acquired three entities for a purchase price of TEUR 28 each. As part of the transaction, Peach Property Group (Deutschland) GmbH received cash and cash equivalents from the acquired entities of TEUR 25 each. The three entities include the companies Portfolio Erkrath Retail GmbH, Cologne, Portfolio Erkrath Wohnen GmbH, Cologne and Peach Property Projekt III GmbH, Cologne. In July 2011 Peach German Property AG has transferred its investment in Munster Portfolio GmbH (TEUR 25 Cash, TEUR 25 Equity) at the book value of TEUR 25 to Peach Property Group (Deutschland) GmbH for TEUR 0 (see note 22).

Changes to the scope of consolidation 2010

Under the purchase and transfer agreement as of 25 March 2010, Peach Property Group (Deutschland) GmbH acquired Johanna Beteiligungsverwaltungs GmbH, which subsequently changed its name to Real Value GmbH, for a purchase price of TEUR 28. Under the terms of this acquisition, Peach Property Group (Deutschland) GmbH acquired cash and cash equivalents TEUR 25. The buyer's and seller's broker fees in connection with the sales in Germany were processed through Real Value Living GmbH.

24. Related party transactions

in TEUR	2011	2010
Other operating income		
- Group companies not included in scope of consolidation	2'389	1'424
- Associates and Joint ventures from Group companies not included in scope of consolidation	120	75
Sales and Marketing expenses		
- Group companies not included in scope of consolidation	-651	-229
Other operating expenses		
- Associates and Joint ventures from Group companies not included in scope of consolidation	-21	0
Interest income on loans and receivables:		
- Group companies not included in scope of consolidation	72	36
- Associates and Joint ventures from Group companies not included in scope of consolidation	39	0
Interest expense:		
- Group companies not included in scope of consolidation	-126	-44
Trade receivables from related parties (on 31.12.)		
- Group companies not included in scope of consolidation	669	0
Other receivables from related parties (on 31.12.):		
- Group companies not included in scope of consolidation	2'539	2'187
- Associates and Joint ventures from Group companies not included in scope of consolidation	313	503
Other payables due to related parties (on 31.12.):		
- Group companies not included in scope of consolidation	6'993	2'492

The Group considers all group companies of Peach that are not consolidated as well as joint ventures and associates that are not included in its consolidated financial statements as related parties. For transactions with group companies we refer to Notes 6, 8, 10, 13, 14 and 17.

Transactions with related parties are settled on normal commercial terms and conditions (arm's length conditions).

25. Remunerations to members of the Board of Directors and Management

The Board of directors is compensated on consolidation level Peach for its services. Based on materiality considerations the expenses have not been broken down to the individual Group companies.

Since the financial year 2011, Bernd Hasse, Country manager of Peach Germany, is the only member of the Group management. The total contribution for the financial year 2011 was as follows:

Base salary as cash payment including the employer's pension contribution:	TEUR 165
Bonus as cash payment:	TEUR 105

26. Contingent liabilities

Peach Property Group (Deutschland) GmbH issued a bond in the form of a partial bond (bearer bond) with a maximum nominal value of TEUR 50'000. The duration is 5 years and the interest rate is 6.60%. Peach German Properties AG, the parent of Peach Property Group (Deutschland) GmbH, as the warrantor, has to guarantee unconditional and irrevocable payment of capital and interest when due to the bond holders (see note 20).

27. Assets pledged as collateral for own commitments

(in TEUR)	**2011**	**2010**
Investment properties	11'467	0

The investment property was effectively pledged for a liability in the amount of TEUR 8'270 (note 15 and 19).

28. Operating lease

Future lease payables under non-cancellable operating leasing agreements amount to:

in TEUR	**2011**	**2010**
up to 1 year	136	175
1-5 years	337	405
Total	**473**	**580**

The future lease payments relate to the office premises of Peach Property Group (Deutschland) GmbH.

29. Subsequent events

Portfolio Erkrath Wohnen GmbH, a fully owned subsidiary of Peach Property Group (Deutschland) GmbH, acquired a residential and commercial property in Erkrath-Hochdahl with a publicly notarized sale agreement. The acquisition price amounted to TEUR 12'072. The project is funded from Stadtsparkasse Düsseldorf in the amount of TEUR 11'500. Under the same purchase agreement, Portfolio Erkrath Retail GmbH, also a fully owned subsidiary of Peach Property Group (Deutschland) GmbH, acquired a commercial property in Erkrath. The acquisition price amounted to TEUR 11'028. The project is also funded through Stadtsparkasse Düsseldorf with a volume of TEUR 10'000. The sales areas are rented until 31 August 2018. Peach Property Group AG, Peach Property Group (Deutschland) GmbH's ultimate parent, entered into a revocable guarantee in the amount of TEUR 2'000 in favor of Stadtsparkasse Düsseldorf in order to secure funds of total TEUR 21'500. For both properties risks and rewards were transferred to the buyer on 3 February 2012. The current lease arrangement for the residential and commercial property amounts to TEUR 2'095 p.a. By applying the existing vacancy ratio of 5.6% for the residential property and 0% for the commercial property, leasing income amounts to TEUR 2'162 p.a. The operating expenses (excl. interest expenses) amounts to TEUR 662 p.a. The fair value of the residential and commercial property amounts to TEUR 29'900 based on a preliminary estimate at the date of transfer of ownership. The sales price for the property is below its fair value, as the vendor had strategic reasons to exit the real estate business and was looking for an immediate sale.

Bestätigungsvermerk des Abschlussprüfers

An die Peach Property Group (Deutschland) GmbH, Köln

Wir haben den von der Peach Property Group (Deutschland) GmbH, Köln, aufgestellten Konzernabschluss – bestehend aus Bilanz, Gesamtergebnisrechnung, Eigenkapitalveränderungsrechnung, Kapitalflussrechnung und Anhang – für das Geschäftsjahr vom 1. Januar bis 31. Dezember 2011 geprüft. Die Aufstellung des Konzernabschlusses nach den IFRS, wie sie in der EU anzuwenden sind, liegt in der Verantwortung des Geschäftsführers der Gesellschaft. Unsere Aufgabe ist es, auf der Grundlage der von uns durchgeführten Prüfung eine Beurteilung über den Konzernabschluss abzugeben.

Wir haben unsere Konzernabschlussprüfung nach § 317 HGB unter Beachtung der vom Institut der Wirtschaftsprüfer (IDW) festgestellten deutschen Grundsätze ordnungsmäßiger Abschlussprüfung vorgenommen. Danach ist die Prüfung so zu planen und durchzuführen, dass Unrichtigkeiten und Verstöße, die sich auf die Darstellung des durch den Konzernabschluss unter Beachtung der IFRS, wie sie in der EU anzuwenden sind, vermittelten Bildes der Vermögens-, Finanz- und Ertragslage wesentlich auswirken, mit hinreichender Sicherheit erkannt werden. Bei der Festlegung der Prüfungshandlungen werden die Kenntnisse über die Geschäftstätigkeit und über das wirtschaftliche und rechtliche Umfeld des Konzerns sowie die Erwartungen über mögliche Fehler berücksichtigt. Im Rahmen der Prüfung werden die Wirksamkeit des rechnungslegungsbezogenen internen Kontrollsystems sowie Nachweise für die Angaben im Konzernabschluss überwiegend auf der Basis von Stichproben beurteilt. Die Prüfung umfasst die Beurteilung der Jahresabschlüsse der in den Konzernabschluss einbezogenen Unternehmen, der Abgrenzung des Konsolidierungskreises, der angewandten Bilanzierungs- und Konsolidierungsgrundsätze und der wesentlichen Einschätzungen des Geschäftsführers sowie die Würdigung der Gesamtdarstellung des Konzernabschlusses. Wir sind der Auffassung, dass unsere Prüfung eine hinreichend sichere Grundlage für unsere Beurteilung bildet.

Unsere Prüfung hat zu keinen Einwendungen geführt.

Nach unserer Beurteilung aufgrund der bei der Prüfung gewonnenen Erkenntnisse entspricht der Konzernabschluss den IFRS, wie sie in der EU anzuwenden sind, und vermittelt unter Beachtung dieser Vorschriften ein den tatsächlichen Verhältnissen entsprechendes Bild der Vermögens-, Finanz- und Ertragslage des Konzerns.

Köln, den 26. September 2012

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

ppa. Dummersdorf

Thomas Husemeyer
Wirtschaftsprüfer

ppa. Katrin Dummersdorf
Wirtschaftsprüfer

PricewaterhouseCoopers
Aktiengesellschaft Wirtschaftsprüfungsgesellschaft
WIRTSCHAFTS-
PRÜFUNGS-
GESELLSCHAFT
SIEGEL
FRANKFURT AM MAIN
Zweigniederlassung Köln

Leerseite aus bindetechnischen Gründen

Leerseite aus bindetechnischen Gründen

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